



FY 2016-2017 Budget Message

May 16, 2016

To: The Camden County Board of Commissioners
Mike McLain, Chairman
Garry Meiggs, Vice Chairman
Sandy Duckwall, Commissioner
Clayton Riggs, Commissioner
Tom White, Commissioner

In accordance with General Statute 159-11, I hereby submit to you for your consideration the proposed FY 2016-2017 budget for Camden County. A copy of the recommended budget has been filed with the Clerk to the Board and is available for public review and comment. One of the critical purposes of this document is to encourage open dialogue, questions, and public deliberation as it relates to how citizen tax dollars can best be used to serve the community.

The FY 2016-2017 budget was prepared in accordance with the North Carolina Local Government and Budget Fiscal Control Act. In addition, while developing the budget the following key activities were taken into consideration:

- Continue to minimize the financial impact of county operations on its citizens through mindful budgeting and frugal expenditures.
- Fund Capital goals as indicated in the Capital Improvement Plan.
- Invest in the 911 Communications upgrade identified by the Mission Critical Partners study.
- Fund the required 911 Backup Center required by state mandate.
- Implement a structure to incentivize employees to perform to their highest potential.
- Maintain a healthy reserve fund balance in accordance with the financial policies outlined and adopted in Resolution 2007-05-04.
- Continue to provide outstanding government services at adequate levels.

General Fund Revenues

The above goals for 2016-2017 were balanced with expected revenues with the intent of minimizing the use of General Fund Balance. Revenues are generally related to expected

economic growth within the County and the State. Consumer confidence has been up and down due to continued economic uncertainty. Economic growth is expected to continue at minimal levels into 2016-2017. The state growth is expected to be equal to 2014 and 2015 levels at 3% for 2016. Local level of growth is predicted at only 1.5%. The expected 5% growth predicted for 2015 was only 3% at year end. A balance between expected growth and realized 2015 growth was used to estimate revenues for 2016-2017

During the months leading up to the budget process various state funding streams have also declined for a variety of local services, especially in respect to recycling mandates. We have also been asked to contribute a larger portion of salaries of the NC State Extension staff that previously has been significantly supported with state funds. We are now funding those positions with a 50% contribution.

A redistribution of Sales Tax is expected in the 2016-2017 Fiscal Year. The redistribution is required to be earmarked for School Capital and Economic Development. These funds come at an opportune time as we embark on the Camden Core Wastewater Treatment Plant that is needed to support identified growth and job creation that is expected to result from that project. The expected capital investment by the County for that project is significant but minimized by the expected redistribution.

Below is a listing of the major General Fund revenue sources.

Ad Valorem Tax	\$6,281,863
Local Option Sales Tax (Art. 39)	\$600,000
Vehicle Tax	\$636,250
Franchise Tax	\$625,000
Medicaid Hold Harmless	\$500,000
Article 40 Tax	\$275,000
Article 42 Tax	\$145,000
Special Revenue Fund (CRF for Debt Payment)	\$353,864
From School Reserve Fund (Debt Payments, Capital Outlay)	\$991,602

General Fund Expenditures

Due to falling short of the 2015 goal of 5% growth and the local expectations of only 1.5% growth in 2016, it was important to minimize expenditure increases in the 2016-2017 budget. Considering the expectation of minimal revenue growth, budget staff recommends minimizing operational budget increases while continuing to invest in the infrastructure that is critical to future economic development within the County. Level operational expenses in 2016-2017 partnered with prudent financial management policies adhered to by the Board of Commissioners and Budget staff, the County is well positioned to fund the critical infrastructure needed to foster growth within the county as well as invest in capital projects, such as the 911 Communications System, without a tax increase.

The County's healthy fund balance should be invested within our county to foster economic growth and quality of life without burdening the taxpayers. While it is imperative to keep our responsible fiscal policies intact, we are in a position to use a portion of the fund balance to address failing County buildings and critical infrastructure as well as community projects that are important to our citizens such as Community Parks and recreational projects. Funding Capital Improvement Plan projects is vital to the success of these goals. While fund balance has been appropriated for Capital projects in 16-17, no fund balance was needed to balance general fund operating expenses.

Compared to the current (FY 2015-2016) adopted budget of \$12,192,459, the proposed FY 2016-2017 budget of \$12,219,979 represents an increase of only \$27,520. While we had an increase in Capital Improvements for 2016-2017, we were able to implement the next fiscal year's goals with a very small overall increase in the budget. The 16-17 general fund budget uses no fund balance to finance operational expenses. The fund balance appropriated for 16-17 is solely for capital improvements, specifically, the \$275,000 in capital improvement for the 911 Communication upgrade and backup center. Even with the appropriating of fund balance for capital outlay, we expect general fund balance to stay at or above 50% of operating expenses. Well above the 25% general fund balance fiscal policy adopted in 2007.

In addition to capital our employees are also an important asset. It is important to recognize when staff salaries are falling behind in market rates and next years' budget includes funding for positions that have been identified as being below market. As we move into future budget years, we must recognize that it will be harder and harder to keep quality, qualified staff as more and more of the working class retires. Keeping salaries current and competitive will be important to keep ahead of this issue. To help with retaining quality staff, a major goal of management was to implement a pay for performance plan in 16-17 that would provide incentive and improve moral of our highest performing staff members. While several departments are addressing staff salaries, most budgets were kept at little to no increase in overall expenditures.

Departmental Appropriations

Below is a list of some of the major Departmental expenditures proposed for FY 2016-2017.

Governing Body	\$117,384
County Administration	\$200,251
Elections	\$116,851
Finance Department	\$213,767
Personnel	\$71,085
Tax Department	\$414,567
Legal (including OLF)	\$67,500
Register of Deeds	\$221,055
Planning Department/Inspections	\$474,017
Public Works/Building & Grounds	\$474,304
Sheriff & SRO	\$1,718,210
Extension	\$117,443
Recreation	\$245,441

Senior Center	\$125,719
Solid Waste	\$632,996
Non-Departmental	\$181,400
Economic Development	\$156,002
Capital Outlay/Debt Service	\$1,046,708
Library	\$195,866
JCPC	\$62,288
Soil & Water Conservation	\$62,620

Special Appropriations

In the FY 2016-2017 budget, Special Appropriations expenditures total \$4,728,870 or 39% of total General Fund expenses. The percentage of the overall Special Operations budget is equal to 2015-2016, however, there are requests that would put a significant burden on the current operating budget. Camden has already committed to investing in the upgrade to the 911 Communications system and backup. In addition to that unexpected expense, there was a significant increase in requests from Emergency Management, the School Board and Forestry and the expected 3% increase in the EMS contribution.

While we are required by contract to commit the funds budgeted for EMS, Emergency Management and Forestry, management recommends funding the School Board at the same amount appropriated in 2015-2016. The School System continues to see a decline in ADM which would normally relate to a decline in funding as well. We believe committing the same amount of funding in 2016-2017 is reasonable.

The list below highlights some of the major Special Appropriation proposed for FY 2016-2017.

School Current Expense	\$2,079,726
Pasquotank/Camden EMS	\$499,550
Central Communications/Emergency Mgmt.	\$537,681
College of the Albemarle	\$45,000
Albemarle District Jail	\$416,068
Department of Social Services	\$325,000
CH & S Fire Commission	\$245,095
South Mills Fire Commission	\$147,859
School Capital Outlay	\$298,758

Major Concerns

A major concern for Camden County continues to be encouraging economic development while maintaining responsible residential growth. As development occurs, the burden on County services is increased. Balancing growth and development with the quality of life enjoyed in Camden County is imperative.

Additionally, in order to move the South Camden Water and Sewer District to a financial position closer to that of a true enterprise fund and enhance its self-sufficiency, the remainder of the increase requested in FY 2015-2016 is proposed for 2016-2017. The remaining increase would add \$2.00 to the base-rate fee for water and \$3.00 for sewer with an additional .50 cents for each 1,000 gallons beyond the first 2,000 gallons. The partial increase approved in 2015-2016 was the first base-rate fee increase since 2010. We are hopeful that the new Wastewater Treatment Plant that is currently in the beginning stages of an approximately 18 month project, will bring additional customers that would avoid future rate increases.

Other Major Program Goals

Community Park Trust Fund

The 2016-2017 CPTF budget includes funding for Community Park Lighting and other Park Maintenance Capital needs. Also included is funding for purchasing land in the South Mills Township for a Community Park in accordance with the goals of the 2017-2021 Capital Improvement Plan. The county will pursue grant funding for design/construction of the future community park once the location has been identified.

County Capital Reserve Fund

The funding for this fund comes from the \$0.01 land transfer tax which is levied on all land sales. County appropriations also support this fund as it is a key function of county government to ensure resources for Capital expenditures. Due to failing County building, we are including funds to continue planning for a new County Offices Building that would replace the current building that houses the Tax, Planning and Water/Sewer Billing staff. The new building would combine the Administrative staff and free up the current property which could be sold to help fund the project or replace funds in reserve for capital needs.

School Capital Reserve Fund

A redistribution of Sales Tax is expected in 2016-2017 that will be earmarked for Economic Development or School Capital needs. The majority of the redistribution will be directed to this fund for restricted use.

FY 2016-2017 Budget Summary

This budget reflects the intent of responsible use of taxpayer dollars by providing critical services and wisely investing the financial contributions of our citizens to become the best possible environment in which to work and live. As public officers, we have been given the task of protecting the rights, needs and desires of the constituents. The budget staff believes that this task has been achieved and respectfully submits to you the 2016-2017 Fiscal Year Budget.